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25 YEAR RE-REVIEW

22 March 1962

MEMORANDUM FOR THE RECORD

SUBJECT: Conference at Department of Justice Concerning the President's Memorandum of 9 February 1962 on Preventing Conflicts of Interest on the Part of Consultants

Present: Mr. Saul Lindenbaum, Office of ~~Solicitor~~ General;
Messrs. Houston, [redacted]

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*Legal
Counsel,
Dept. of
Justice*

1. This conference was arranged by Mr. Houston for the purpose of obtaining informal comments on the impact of the Regulation on the various classes of the Agency's consultants. Mr. Lindenbaum was identified by Mr. Reece of the Department of Justice as being the official best acquainted with the underlying details of the Regulation. We talked with him half an hour. Mr. Lindenbaum's comments may be summarized in the following manner:

a. DPD consultants (the "Land Panel"): The only real requirement here is to obtain a financial statement from each consultant (this remark followed Mr. Houston's explanation that the only R&D contract involved was the one with [redacted] and that [redacted] had had nothing to do with the negotiation of it).

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d. Training consultants: These are not covered by the Regulation if they are brought in solely to lecture. Department of Justice has agreed with Defense and VA on this point. The same is true as to a physician who is brought in as a doctor to treat personnel. Physician's like to be known as "consultants".

e. 

 Lindenbaum's comment was that it was hard to draw the line in such cases and no one will go to jail for not demanding a financial statement.

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f. OSI, ORR and ONE consultants: Mr. Houston discussed the ONE list, and Lindenbaum commented that those individuals were covered by the Regulation. Mr. Houston felt that the same was true as to the OSI and ORR consultants.

2. Mr. Lindenbaum said that if a man is listed as a "consultant" a financial statement must be secured; lack of access or opportunity to influence the making of contracts would not remove this obligation since the Regulation includes all consultants without limitation. Mr. Lindenbaum feels that it would therefore be recommendable that men who are listed as consultants solely for the purpose of maintaining their security clearances be removed as consultants. The status of "consultant" is frequently a source of difficulty for lawyers since all consultants come under the statutory prohibition against filing a claim against the U.S. Government. The restrictions against a consultant working on a contract between the Government and his company are not limited to those contracts made by the agency with whom the consultant advises; it applies to dealings with other government entities as well.

3. As to JOT recruiters, Lindenbaum's advice was that the Agency give them another title and forget about them as far as the Regulation is concerned.

4. Status of Celler Bill: This Bill was passed by the House and is now before a Senate Committee. No hearings have been scheduled so far. The Bill overlaps considerably with the new Regulation. Lindenbaum said that the Bill will have to be amended in several respects, which he did not specify.

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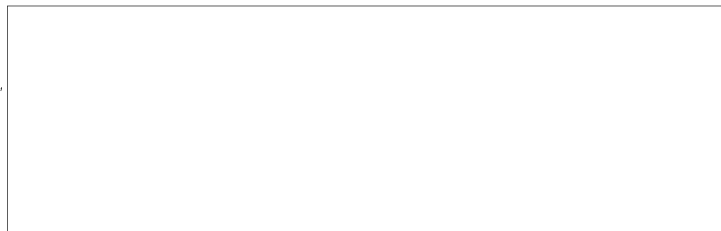
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5. After we had left the Department of Justice, Mr. Houston said that he would now draft his own suggestions for the report which he felt should go directly to the DCI. He will discuss the matter with Col. White. He feels that one step will perhaps be to set up an Agency list of "security-cleared individuals" so that operating units will perceive that it is not necessary to get a man appointed as consultant merely in order to maintain his security clearance. Mr. Houston thinks that [redacted] should be removed from the list as there is no need to retain the status of consultant.

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